

Message Text

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15

ACTION EUR-12

INFO OCT-01 NEA-09 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-02 H-02 PA-01 PRS-01 USIA-06 FEA-01 OES-03

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R 180657Z APR 75

FM AMEMBASSY BERN

TO SECSTATE WASHDC 568

INFO AMEMBASSY ALGERIA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY TEHRAN

USMISSION OECD PARIS

AMCONSUL ZURICH

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E.O. 11652: N/A

TAGS: EFIN, SZ, SA

SUBJECT: SWISS/SAUDI ARABIAN RELATIONS

1. SWISS PRESS APRIL 11 CARRIED BRIEF ANNOUNCEMENT OF VISIT TO SAUDI ARABIA OF DIVISION OF COMMERCE DIRECTOR JOLLES AND SWISS NATIONAL BANK PRESIDENT LEUTWILER TO DISCUSS CURRENT TRADE AND MONETARY QUESTIONS INVOLVING BOTH BILATERAL AND MULTILATERAL RELATIONS. JOLLES HAS NOT YET RETURNED BERN BUT WE HOPE HAVE OPPORTUNITY DISCUSS TRIP WITH HIM DURING WEEK OF APRIL 21.

2. SOURCE IN FEDERAL POLITICAL DEPARTMENT (FOREIGN MINISTRY) TOLD EMBOFF APRIL 17 THAT WHILE PLANS FOR VISIT HAD BEEN CLOSELY HELD PREPARATIONS HAD BEEN PROCEEDING

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FOR SOME TIME. VISIT IS PARTLY OF TRADE PROMOTION/GOOD

WILL NATURE, BUT SOURCE SAID THAT MAIN PURPOSE RELATES TO MONETARY/RECYCLING QUESTIONS. SWISS HAD REASON TO BELIEVE THAT SAUDIS AND SOME OTHER PRODUCERS HAD REACHED CONSENSUS ON PROPORTIONS OF THEIR LIQUID ASSETS WHICH WOULD BE DIVERSIFIED INTO VARIOUS CURRENCIES, INCLUDING SWISS FRANC. AMOUNT ORIGINALLY ALLOTTED TO SWITZERLAND WOULD HAVE POSED SEVERE ADJUSTMENT AND ABSORPTION PROBLEMS AS WELL AS PLACING FURTHER UPWARD PRESSURE ON EXCHANGE RATE. SOURCE SAID THIS PROBLEM HAD APPARENTLY BEEN TAKEN CARE OF AS SAUDIS HAD COME TO REALIZE AFFECT ON SMALL SWISS ECONOMY OF POTENTIALLY SIGNIFICANT FUTHER CAPITAL INFLOWS.

3. JOLLES/LEUTWILER TRIP MAY ALSO BE PART OF CURRENT SWISS EFFORT IMPROVE ECONOMIC TIES WITH PRODUCING COUNTRIES, PARTICULARLY THOSE IN MIDDLE EAST. CONTACTS WITH IRAN HAVE BEEN EXTENSIVE, INCLUDING ZURICH MEETING IN FEBRUARY BETWEEN SHAH AND SWISS FEDERAL COUNCILORS AND OTHER HIGH OFFICIALS. SAUDI OIL MINISTER YAMANI WAS IN BERN LAST DECEMBER (BERN 4671, DECEMBER 13, 1974) 1. SWISS ARE ALSO ATTEMPTING EXPAND EXPORTS TO MIDDLE EAST THROUGH TRADE MISSIONS, PARTICIPATION IN 1976 CAIRO FAIR, ETC. ON POLITICAL PLANE, WE UNDERSTAND RELATIONS MUCH IMPROVED FROM LOW OF LATE 1974 (BERN 4661, DECEMBER 13, 1974) WITH IMPORTANT EXCEPTION OF ALGERIA AND TO LESSER EXTENT IRAQ. PROBLEM WITH ALGERIA PARTLY INVOLVES ALGERIAN DESIRE OBTAIN ACCESS TO KHIDER ACCOUNTS WHICH HELD IN SWISS BANK CONTROLLED BY KUWAITI AND SAUDI ARABIAN CONNECTIONS. PROBLEM THUS TO SOME EXTENT IS INTRA-ARAB ALTHOUGH STRICT SWISS BANK SECRECY PROVISIONS PRECLUDE ANY SWISS EFFORT RESOLVE MATTER. ALGERIAN PRESS HAS ALSO BEEN CRITICAL OF SWISS POLICY ACTIONS, PARTICULARLY IEA MEMBERSHIP.
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